

id: 31852
date: 5/2/2005 18:29
refid: 05PORTAUPRINCE1214
origin: Embassy Port Au Prince
classification: UNCLASSIFIED
destination:
header:
This record is a partial extract of the original cable. The full text of the original cable is not available.

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UNCLAS SECTION 01 OF 02 PORT AU PRINCE 001214

SIPDIS

STATE FOR WHA/CAR
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STATE PASS TO AID FOR LAC/CAR
USDOC FOR 4322/ITA/MAN/WH/OLAC/ (SMITH, S.)

E.O. 12958: N/A
TAGS: ECON, EFIN, PGOV, HA
SUBJECT: AmCham meeting: Corruption and Security

1. SUMMARY: At the Ambassador's meeting with the AmCham Board of Directors, Haitian business leaders raised the lack of security, particularly the threat of kidnapping, as the top economic and business issue they face, and argued for a much tougher law enforcement response, including arms from the United States for the police. They also decried the pervasive corruption in the country and lamented that the Interim Government had not made ambitious reform proposals. They concluded with a request for the USG to consider sending U.S. troops to Haiti to help with security during upcoming elections. END SUMMARY.

Security is Paramount

2. On April 27, the Ambassador hosted the Board of Directors of the Haitian-American Chamber of Commerce, to review the AmCham's activities for the year and to discuss the state of the economy and activity in the business sector. However, the main issue on the minds of these Haitian business leaders was security. There was unanimous agreement that until the security situation in Port-au-Prince improves the economy will continue to stagnate. The inability of the IGOH to stem criminal and political violence is the main impediment to growth, not just structural weaknesses and slow aid disbursements. Of

particular concern to these leaders were kidnappings, a subject that strikes close to home to these generally wealthy business elites.

3. Their solution to the kidnapping problem was much tougher law enforcement. Unfortunately, the police are outgunned and not up to the task. The President of the AmCham, Philippe Armand, made a plea for more arms for the police, noting that the 60-man Haitian swat team has only 12 automatic weapons, while the gangs in Cite Soleil had 500. He strongly urged the USG to approve the sale of weapons and ammunition to the Haitian police; there was unanimous agreement around the table on that point.

Corruption Must be Tackled as Well

4. A second concern raised by the group was the pervasive corruption in Haiti. Top-to-bottom corruption is making doing business in Haiti an expensive, slow and difficult endeavor, as everyone looks for their cut. The Customs Bureau is particularly egregious. One member of the AmCham, one of the country's major importers, supplied calculations showing that outside of Port-au-Prince only about two percent of customs duties that could be collected actually are, contributing to lack of respect for the law and exacerbating Haiti's already difficult financial situation.

5. The members of AmCham agreed that officials at the top of the interim government were honest and had not been corrupted. However, these officials, including Finance Minister Bazin specifically, have not taken action to fire corrupt officials in their Ministries. Bazin and other Ministers, some felt, were reluctant to take action against their employees for fear of being accused of going on a witch hunt against Lavalas party members or provoking more strikes at the ports. Several members gave a withering critique of Prime Minister LaTortue's weaknesses. They bemoaned the missed opportunity of this government. It could have taken courageous reforms since none of the ministers are facing elections.

We Want U.S. Troops

6. Finally, the group made a pitch for U.S. troops to be deployed to Haiti during the election. U.S. troops are needed to provide security during voting and would give the people of Haiti confidence to go to the polls, confidence currently lacking with MINUSTAH provided security.

7. COMMENT: There are a myriad of problems that have to be tackled to get the economy going again, but the AmCham Board of Directors is correct, security and corruption must be at the very top of the list. Security may come with elections that produce a legitimate winner, accepted by all segments of society, but fighting corruption will be a long-term, difficult battle. Security and corruption are two themes that invariably come up in any conversation with a

businessperson here. END COMMENT.

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